

Issa Calls on NYFRB for Lack of Transparency on ML I

WASHINGTON. D.C. – House Committee on Oversight and Government Reform Ranking Member Darrell Issa (R-CA) today sent a [letter](#) to the New York Federal Reserve Bank and a [letter](#) to JP Morgan expressing concern regarding “reports of a significant decline in value in the assets held in Maiden Lane I and the potential for further taxpayer losses as a result of the Federal Reserve-orchestrated bailout of Bear Stearns.”

“Unfortunately, the American people do not know whether the assets they now own are “scrapings off the slaughterhouse floor,” nor can they reliably estimate any further losses they may suffer as a result of the Federal Reserve’s actions in the Bear Stearns bailout, since the Federal Reserve has apparently prevented these details from becoming public,” Issa wrote.

The *Financial Times* recently reported that “the Fed has disclosed little detail on these or other assets in the Maiden Lane I portfolio, fearing such revelations could hurt sales efforts...”

Issa noted, "This argument is remarkably similar to the Federal Reserve's widely discredited argument for keeping secret information about the backdoor bailout of AIG's credit default swap counterparties through Maiden Lane III. The Federal Reserve's strenuous efforts to permit the details of Maiden Lane III's assets from being disclosed to the public had little to do with protecting taxpayers and everything to do with protecting the Federal Reserve from criticism. The American people have a right to know the full details about the assets purchased with their money, regardless of the embarrassment this information may bring to federal officials who made the bailout decisions."

The assets in Maiden Lane I were originally valued at \$30 billion in June 2008. By the end of 2009, the assets had declined in value to \$27.1 billion, a loss of almost 10 percent

Issa has requested that the NYFRB and JP Morgan provide:

1. A detailed accounting of each asset contained in Maiden Lane I, including but not limited to the purchase price of each asset, the current market value of each asset, and the expected cash flow of each asset.

2. All records and communications referring or relating to third-party valuations of the assets contained in Maiden Lane I, including all valuations by JPMorgan Chase and BlackRock from January 2008 to the present.

3. All records and communications referring or relating to public disclosure of information related to the assets in Maiden Lane I, including disclosure to the SEC.

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